

Message Text

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PAGE 01 SAN JO 04296 131652Z

41

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 IGA-01 OMB-01 TRSE-00 FRB-03

CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 COME-00 CIEP-01

STR-04 CEA-01 AGR-05 /078 W
----- 090770

R 102020Z OCT 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 1691

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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GUATEMALA ALSO FOR ROCAP

E.O. 11652: N/A

TAGS: EFIN, ECON, ECRP, CS

SUBJECT: REVISED BALANCE OF PAYMENTS ESTIMATES FOR 1975

REF: (A) SAN JOSE 3933 (B) SAN JOSE 4295

1. THIS MESSAGE TRANSMITS THE EMBASSY'S REVISED BALANCE OF PAYMENTS ESTIMATES TO REPLACE DATA PREVIOUSLY SUBMITTED TO MEET DEPARTMENT DEADLINE (REF A). THE REVISED ESTIMATES REFLECT REFINEMENTS BASED ON BALANCE OF PAYMENTS DATA WHICH ARE NOW AVAILABLE FOR THE FIRST TWO QUARTERS OF THE YEAR (REF B) AND WHICH WERE NOT AVAILABLE AT THE TIME REF A WAS TRANSMITTED.

2. THE REVISED BALANCE OF PAYMENTS PROJECTIONS IN THIS MESSAGE REFLECT A REDUCTION OF EXPECTED BANANA EXPORTS,
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PAGE 02 SAN JO 04296 131652Z

BASED ON MORE COMPLETE INFORMATION THAT IS NOW AVAILABLE,

AND ALSO A REDUCTION IN EXPECTED TOTAL IMPORTS, BASED ON INDICATIONS THAT THE GOVERNMENT'S RESTRICTIVE CONSUMER TAXES ARE HAVING AN EVEN GREATER EFFECT THAN EARLIER INDICATED. THESE TWO CHANGES ARE OFFSETTING LEAVING THE PROJECTED TRADE BALANCE THE SAME AS EARLIER ESTIMATED (MINUS \$220 MILLION).

3. NET CAPITAL MOVEMENTS IN THE REVISED ESTIMATES ARE ADJUSTED UPWARD TO REFLECT DATA FROM THE FIRST TWO QUARTERS WHICH SHOW THAT CAPITAL INFLOW THIS YEAR IS STRONGER THAN EXPECTED. THE CAPITAL ACCOUNT INCLUDES AN EXPECTED DRAW DOWN OF THE \$30 MILLION LOAN FROM A CONSORTIUM OF PRIVATE BANKS LED BY FIRST NATIONAL CITY BANK OF NEW YORK, AND ALSO EXPECTED REPAYMENT OF A \$10 MILLION SIX-MONTH LOAN FROM VENEZUELA WHICH WAS ACCORDED IN 1974 AND HAS BEEN ROLLED OVER EVERY SIX MONTHS SINCE THEN. BECAUSE OF THE PROJECTED GREATER INFLOW OF CAPITAL, THE REVISED ESTIMATES SHOW NET RESERVES INCREASING BY \$30 MILLION TO A LEVEL OF \$68 MILLION BY THE END OF THE YEAR.

BALANCE OF PAYMENTS

PROJECTIONS FOR 1975

,& 9 (\$ MILLIONS)

V	ACTUAL	PROJECTED
	1974	1975
EXPORTS (F.O.B.)		
COFFEE	126	107
BANANAS	96	122
BEEF	33	33
SUGAR	24	65
COCOA	6	5
OTHER	156	178
TOTAL	441	510

IMPORTS (C.I.F.)	-716	-730
TRADE BALANCE	-275	-220

NET SERVICES (-) AND
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PAGE 03 SAN JO 04296 131652Z

TRANSFERS (#)	#4	#4
BALANCE ON CURRENT ACCOUNT	-271	-216
NET CAPITAL MOVEMENTS	#248	#246
OVERALL BALANCE (CHANGE IN RESERVES)	-23	#30
NET RESERVES (YEAR END)	38	68
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